**DEPARTMENT OF FOOD AND AGRICULTURE**

A.G. KAWAMURA, Secretary

1220 N Street
Sacramento, CA 95814
Phone: (916) 341-5988
Fax: (916) 341-6697
E-mail: *dairy@cdfa.ca.gov*

July 30, 2004

**RE:  ANNOUNCEMENT OF MINIMUM PRICES FOR CLASSES 2, 3, 4a and 4b MARKET MILK**

TO ALL INTERESTED PARTIES:

On the reverse side of this page are the minimum prices for Classes 2, 3, 4a and 4b market milk for July, August and September 2004.  All prices are f.o.b. milk processing plant.  As provided in the Stabilization and Marketing Plans for Market Milk (Plans), milk handlers shall pay producers the minimum prices for market milk components sold or used for all Classes 2, 3, 4a and 4b purposes as specified on the reverse side of this page.

If market milk components are purchased f.o.b. producer's dairy location, haul deductions may be made as provided in the Plans.

Equivalent hundredweight prices shown in the right-hand column are based upon milk that is 3.5% fat and 8.7% solids-not-fat (SNF). These classified minimum prices that processors must pay for milk received from producers are calculated based upon mathematical formulas.  The formulas are established and amended as needed through a public hearing process.  These formulas include commercial prices for manufactured dairy products (butter, Cheddar cheese and nonfat dry milk).  These commercial prices are also listed on the reverse side of this page.

This price information is also available on a recorded message.  Please call (800) 503-3490 to hear the recording.  If you are calling from Sacramento, or from outside of California, please call (916) 442-MILK.  You can also access this information over the Internet on the Department's Homepage.  The address is http://www.cdfa.ca.gov/dairy.  From the Homepage, select the [Dairy Prices] link and then the [Minimum Class Price Letters] link. Once there, be sure to make a bookmark for future reference.

For more information, please contact us at the phone numbers or e-mail address above.

Sincerely,

David K. Ikari, Chief
Dairy Marketing Branch

# MINIMUM PRICES FOR CLASSES 2, 3, 4a & 4b MARKET MILK
# F.O.B. PROCESSING PLANT

**Released:      July 30, 2004**

| **CLASS 2:** | | | **EQUIVALENT** |
|---|---|---|---|
| **For August and September** | **LB. FAT** | **LB. SNF** | **PER CWT.** |
| Northern California | $2.0646 | $0.7517 | $13.77 |
| Southern California | $2.0669 | $0.7775 | $14.00 |

| **CLASS 3:** | | | **EQUIVALENT** |
|---|---|---|---|
| **For August and September** | **LB. FAT** | **LB. SNF** | **PER CWT.** |
| Northern California | $2.0646 | $0.7460 | $13.72 |
| Southern California | $2.0669 | $0.7460 | $13.72 |

| **CLASS 4a:** | | | **EQUIVALENT** |
|---|---|---|---|
| **July 2004** | **LB. FAT** | **LB. SNF** | **PER CWT.** |
| Statewide | $1.9399 | $0.6856 | $12.75 |

| **CLASS 4b:** | | | **EQUIVALENT** |
|---|---|---|---|
| **July 2004** | **LB. FAT** | **LB. SNF** | **PER CWT.** |
| Statewide | $1.9399 | $0.6858 | $12.76 |

| **COMMODITY MARKET PRICES:** | **$ PER LB.** |
|---|---|
| Chicago Mercantile Exchange Grade AA Butter - Daily Simple Average (June 26th - July 25th) | $1.7818 |
| Chicago Mercantile Exchange Block Cheddar Cheese - Daily Simple Average (June 26th - July 25th) | $1.4279 |
| California Extra Grade & Grade A Nonfat Dry Milk - Monthly Weighted Average (June 26th - July 25th) | $0.8356 |
| Western Dry Whey (Mostly) - Monthly Simple Average (June 26th - July 25th) | $0.2356 |

| **FEDERAL SUPPORT PURCHASE PRICES:** | |
|---|---|
| Bulk Butter: | $1.0500 |
| 40 Pound Block Cheddar Cheese: | $1.1314 |
| Nonfat Dry Milk: | $0.8000 |

| **VALUE OF COMMODITY PRICES USED IN FORMULAS:** | |
|---|---|
| Bulk Butter: | $1.7818 |
| 40 Pound Block Cheddar Cheese: | $1.4279 |
| Nonfat Dry Milk: | $0.8356 |

September 2004 Class 1 price will be announced no later than 4:00 p.m. on August 10, 2004.
October and November 2004 Class 2 and 3 prices will be announced no later than 4:00 p.m. on October 1, 2004.
August 2004 Class 4a and 4b prices will be announced no later than 4:00 p.m. on September 1, 2004.

*Note: The formulas, as of April 1, 2003, compare the calculated prices from the Chicago Mercantile Exchange*
*(for butter and Cheddar cheese) or California weighted average price (for nonfat powder) to the federal support*
*purchase prices for the three products. The higher value is selected for use in the pricing formulas.*